

Remarks on U.S. Nonproliferation Strategy
Acting Assistant Secretary Francis Record

Introduction

Mr. Chairman, let me begin by thanking you, along with Ranking Member Delahunt and the other distinguished members of the subcommittee, for giving me the opportunity to appear before you on the topic of U.S. Nonproliferation Strategy: Policies and Technical Capabilities.

My remarks today are not intended to cover all aspects of U.S. nonproliferation strategy. Rather, I will identify some of our key nonproliferation policy priorities and outline the central role that the U.S. National Strategy to Combat Weapons of Mass Destruction plays in informing our nonproliferation strategy. I will conclude with consideration of some of the technical capabilities that are necessary to improving our nonproliferation and overall combating WMD efforts. To begin, however, I will provide an overview of the new Global Initiative to Combat Nuclear Terrorism, announced last weekend by Presidents Bush and Putin in St. Petersburg, a critical step not only to prevent terrorist acquisition and use of weapons of mass destruction, but also an important step to implement Secretary Rice's vision of transformational diplomacy.

The Global Initiative to Combat Nuclear Terrorism

The President has made clear that a nuclear weapon in the hands of a terrorist is our country's most serious national security threat. We know that terrorist organizations such as Al Qaeda have expressed their desire to acquire a nuclear capability. We also know that state sponsors of terrorism are seeking to acquire a nuclear capability. Finally, we know that non-state actors such as A.Q. Khan have sought to profit from black market trading in nuclear technology. Taken together, these trends make nuclear terrorism not only the most serious national security challenge we face, but also the most urgent.

On July 15, in St. Petersburg, Presidents Bush and Putin announced the Global Initiative to Combat Nuclear Terrorism to confront and defeat this threat. The central objective of the Global Initiative to Combat Nuclear Terrorism is to establish a growing network of partner nations that are committed to taking effective measures to build a layered defense-in-depth that can continuously adapt to the changing nature of the threat. While many individual programs and efforts have approached one element or aspect of the nuclear terrorism threat, the Global Initiative provides a capacity building framework for building on existing partnerships and for establishing new partnerships with those nations that wish to take similar action.

The global layered defense begins at the source where nuclear material is produced, stored, transported and used. The Global Threat Reduction Initiative (GTRI) focuses efforts to identify, secure, remove or facilitate the final disposition of high-risk, vulnerable nuclear and radiological materials around the world as quickly as possible. The United States is working with eight other countries in adopting guidelines for

responsible management of plutonium and is pursuing similar guideline for minimizing and eventually eliminating, where technically and economically feasible, the use of highly enriched uranium in civil activities.

Our existing and future efforts to secure nuclear material can never be fail-safe. We must enhance current efforts to develop a global detection architecture capable of detecting the movement of both nuclear and radiological threats. Here the Global Initiative will build on and sustain the successes of the Megaports Program, the Container Security Initiative and the Domestic Nuclear Detection Office, and catalyze new partnerships to ensure standards for interoperability between these programs and their counterparts among partner nations. Our architecture must enable fixed and mobile detection across the air, land, and maritime domains and be flexible enough to ensure that our partners can complementary capabilities and easily integrate with our own.

A comprehensive architecture must also include capabilities to detect the movement of funds that support nuclear terrorism and the growing threat posed by terrorists seeking to procure nuclear technology through cyberspace. Here the Global Initiative will build on efforts underway at the Department of the Treasury to block the assets of terrorists and proliferators. To protect cyberspace, we should work with the Department of Homeland Security to protect our critical cyber infrastructure, including the relationship to critical nuclear facilities. We must develop new approaches to stop terrorists from using the virtual safe haven of cyberspace for planning attacks with nuclear weapons or upon nuclear facilities or infrastructure.

The Global Initiative will also strengthen our response capabilities to stop imminent attacks and mitigate their consequences should they occur. In this area, we will leverage the experience and capabilities of the Department of Energy, the Department of Defense, and the Department of Justice and FBI. At the same time, we must acknowledge that U.S. capabilities alone cannot meet this challenge. We will foster relationships with partner nations' programs that can support cooperative concepts of operations for emergency response and consequence management. By joining the Global Initiative, partner nations will have the opportunity to participate in joint exercises that support the development of their own capabilities, and under certain circumstances, call on the assistance of partner nations.

In carrying out this new initiative, we will also cooperate with the IAEA and invite them to participate as an observer. The Global Initiative builds on international legal frameworks such as the International Convention on the Suppression of Acts of Nuclear Terrorism, the Convention on the Physical Protection of Nuclear Material and Nuclear Facilities, and UN Security Resolutions 1373 and 1540, as well as national legal authorities.

Transforming our Diplomacy to Combat WMD Terrorism

At the Department of State, we have taken steps to ensure that our work to prevent terrorist acquisition and use nuclear weapons, as well as other WMD, fits in with the

larger context of Secretary Rice's vision of transformational diplomacy. As the Secretary articulated in her Georgetown University speech, the essence of transformational diplomacy is: "to work with our many partners around the world, to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system." Our efforts to combat WMD terrorism must build on this transformational vision of partnership – both at home and abroad. We will develop and sustain international partnerships that bring a regional and local focus to our international cooperation efforts and enhance the effectiveness of our global strategy.

Transforming our diplomacy to combat WMD terrorism involves more than providing assistance *to* foreign partners; it requires that we develop a global layered defense-in-depth *with* them. Transformational diplomacy also offers us an opportunity to build new kinds of partnerships that transcend the State Department's customary relationships with foreign governments and international organizations. We must rethink the role that the private sector can and should play in both the traditional areas of nonproliferation strategy and policy, but also in more focused efforts to reduce the risk of terrorist acquisition and use of WMD. We must make clear to the private sector the common interest we share in keeping their assets and infrastructure free from either direct attack or from exploitation by terrorist actors seeking to acquire or use nuclear or radiological materials. Through the Global Initiative to Combat Nuclear Terrorism and other WMD terrorism initiatives, we will pursue new partnerships with the private sector that offer a low-cost means to reduce WMD terrorism risk.

It is worth bearing in mind that we have already taken many steps since 9/11 to address the growing threat of WMD terrorism. The development of comprehensive national strategies to combat WMD and terrorism respectively, as well as the establishment of the National Counterterrorism Center and the National Counterproliferation Center have brought new vigor and focused attention to combating the nexus of WMD and terrorism. The Department of State intends to build on these strategies and new organizations to ensure that we have the right plans and capabilities to deter, detect, and defeat this threat.

Nonproliferation and Our National Strategy to Combat WMD

The Global Initiative to Combat Nuclear Terrorism also marks yet another step in the implementation of the National Strategy to Combat Weapons of Mass Destruction, released by the President in 2002, as well as of the National Strategy to Combat Terrorism. The National Strategy to Combat Weapons of Mass Destruction identified the importance of WMD terrorist threat and emphasized the need to ensure that all three of the strategy's pillars – nonproliferation, counterproliferation, and consequence management – are deployed to keep the world's most dangerous weapons out of the hands of the world's most dangerous actors.

Our overall combating WMD strategy focuses particular attention on the importance of developing the full range of international cooperation and partnerships – with partner nations, international organizations, as well as with the private sector. The State

Department's overseas efforts to prevent terrorist acquisition and use of weapons of mass destruction build on years of interagency nonproliferation collaboration with established agencies such as the Department of Energy and the Department of Defense, while also focusing attention on establishing new, cooperative links with more recently-established interagency offices such as the Domestic Nuclear Detection Office (DNDO).

We also recognize that each country faces unique challenges to do their part to prevent terrorists from acquiring or using a nuclear weapon. In fact, no two countries are exposed to the same risk or threats of WMD terrorism. Some countries may lack the institutional capacity or the laws, regulations, and enforcement capacity to stop terrorists or those providing them aid as they seek to acquire a WMD capability. Other countries may have laws and the security forces to stop terrorists and their facilitators, but only limited means to detect the movement of material or related illicit transactions. To succeed in this increasingly complex environment made more difficult by globalization, we must focus our tasks and activities and our partnerships to account for country and region-specific factors. In short, diplomatic approaches to combating WMD, which work in one country, may not in others.

Consistency in Our Nonproliferation Strategy: The Challenge Posed by DPRK and Iran

Traditional nonproliferation tools are an integral component of our comprehensive strategy to combat weapons of mass destruction. The National Strategy to Combat Weapons of Mass Destruction highlights the importance of pursuing an active nonproliferation diplomacy, strengthening the traditional nonproliferation regimes, bolstering our threat reduction programs regarding WMD materials in the former Soviet Union, ensuring stronger controls on nuclear materials as well as development of proliferation resistant technologies, updating and strengthening our export controls, and deploying sanctions as an effective component of an overall nonproliferation approach.

Our key challenge in this respect is to end the North Korean and Iranian nuclear weapons programs. The President has made clear repeatedly that, while all options remain on the table, our preference is to address these threats through diplomacy.

In the Six-Party Joint Statement of September 2005, North Korea committed to abandoning all its nuclear weapons and existing nuclear programs. This was a notable development, but we still must agree on, and implement, the detailed requirements of North Korea denuclearization and its verification. At the same time, we must and will continue our defensive measures, and expand them as required, to ensure that we can protect ourselves from the proliferation actions of North Korea, as well as from illicit activities such as money laundering or counterfeiting.

UN Security Council Resolution 1695, which passed unanimously following North Korea's July 4-5 campaign of ballistic missile launches, sends a clear signal to the North Korean regime that the international community will not tolerate its WMD and missile proliferation activity. The resolution specifically requires that all states exercise

vigilance and prevent the transfer of missile-related items to North Korea's missile or WMD programs; the procurement of such items to North Korea's missile or WMD programs; and the transfer of any financial resources in relation to North Korea's missile and WMD programs. We are consulting with our partners on the implementation of this resolution, including on the interdiction of WMD and missile-related shipments.

With respect to Iran, we are pursuing a resolution in the United Nations Security Council to make Iran's suspension mandatory. Iran has had six weeks to review the package of incentives offered by the governments of China, France, Germany, Russia, the United Kingdom, and the United States (P5+1). This far-reaching package contains potential economic, political, and technological benefits for the Iranian people that would follow from the successful conclusion of negotiations with Iran. However, Iran has failed to take the essential steps needed to allow negotiations to begin, specifically the suspension of all enrichment related and reprocessing activities. We seek quick adoption of the resolution as soon as possible this week. P5 plus 1 Ministers have made clear that if Iran continues on its current course - it has disregarded numerous calls made by the IAEA Board of Governors and the United Nations Security - the P5+1 will seek a sanctions resolution in the Security Council. Iran can still make the right choice. The P5+1 package remains on the table.

A key element of our Nonproliferation Strategy: The Cooperative Threat Reduction Program

Since the inauguration of the Cooperative Threat Reduction program in 1992, the U.S. has worked with the Russian Federation and other former Soviet states to eliminate WMD threats posed by the legacy of the Cold War. Funding for these programs from FY1992 through today has totaled more than \$10 billion. On June 16, 2006, the United States and the Russia Federation signed a new protocol extending the CTR umbrella agreement for another 7 years.

DOS cooperative threat reduction programs initially focused on redirecting excess WMD scientists and engineers in Russia and Eurasia, but are now graduating these scientists into sustainable civilian work and addressing the worldwide threat. Current efforts are funded at \$52 million in FY06 and include redirecting WMD scientists in Libya, Eurasia, and Iraq. State also has programs to engage at risk bio and chem scientists in Russia and convert huge bioweapons plants into peaceful production such as animal feed. To keep one step ahead of the opportunistic terrorists that threaten us, we recently launched a fast-paced effort to increase the security of bio pathogen collections at targeted facilities worldwide.

The Departments of Defense and Energy have complementary cooperative threat reduction programs. DoD is building a facility to eliminate Russian nerve gas munitions, eliminating excess missiles and built the huge and highly secure Mayak storage facility, which Federal Atomic Energy Agency (Rosatom) Director Sergey Kiriyenko announced is now being loaded with tons of excess Russian plutonium. DoE has a huge program to improve the security of Russian fissile material and as part of the Bratislava initiative is

locking up the remaining Russian nuclear facilities. These agencies are also increasing the security of Russia's warhead facilities.

Innovation in our Nonproliferation and Energy Policy: the Global Nuclear Energy Partnership

While sustaining our Cooperative Threat Reduction efforts continues to be a priority nonproliferation policy, the Department of State is building on these existing programs with support to new approaches, such as the President's Global Nuclear Energy Partnership (GNEP). GNEP is an example of the administration's efforts to bring together advanced technical capabilities in furtherance of both nonproliferation and energy policy objectives. The Global Nuclear Energy Partnership (GNEP) seeks to establish conditions that encourage substantial worldwide expansion of economical, carbon-free nuclear energy to meet growing electricity demands, without the spread of sensitive technologies that could contribute to weapons proliferation. GNEP will accelerate the development, demonstration and deployment of new technologies to recycle spent nuclear fuel without the separation of plutonium – a key proliferation benefit compared to existing reprocessing technologies. We continue to discourage the accumulation of separated plutonium.

GNEP will also help the International Atomic Energy Agency prevent misuse of civilian nuclear facilities by developing enhanced international safeguards programs and technologies. Another goal of GNEP will be the design and deployment of more proliferation-resistant small scale nuclear reactors that will be well-suited to the infrastructure of developing countries. GNEP envisages a consortium of nations with secure, advanced nuclear capabilities providing reliable nuclear fuel services to other nations who forego enrichment and reprocessing and employ nuclear energy only for peaceful power generation. International cooperation is essential to the achievement of GNEP's goals. The State Department and the Department of Energy have been holding consultations with many other states, both those with fuel cycle technologies and others with nuclear power reactors.

Let me emphasize that I am not here to address the technical aspects and challenges facing the development of the high-temperature gas reactors or specifically the GT-MHR. Those are subjects best addressed by the Department of Energy.

I would, however, make a couple of general points from a nonproliferation policy perspective. First, while the reactor holds potential promise as an effective burner of plutonium and thus as a contributor to our nonproliferation efforts, both the reactor and such fuel are still in the development stage. Unlike other approaches to plutonium disposition, some years are required before the HTGR technology and economics can be proven. It is not, in short, a near-term prospect for plutonium disposition. Second, several countries, including China, France, Japan, Russia, South Africa and the United States, have been looking into this technology and type of reactor as a commercial prospect, including for use in the U.S. "Next Generation Nuclear Plant." However,

commercial application of such reactors has envisioned use of low enriched uranium fuel, for which there is a large body of development work, not plutonium.

Counterproliferation Efforts: The Proliferation Security Initiative

In addition to conventional nonproliferation tools, the National Strategy to Combat WMD makes clear that we must deploy counterproliferation tools to counter the threat and use of WMD by States and by terrorists. These counterproliferation approaches include interdiction, deterrence, and defensive and mitigation measures.

Launched by President Bush on May 31, 2003, the Proliferation Security Initiative is a global effort, to stop trafficking of weapons of mass destruction, their delivery systems, and related materials to and from states and non-state actors of proliferation concern. Its underlying premise is that our efforts in this area are enhanced through partnerships of states working in concert, employing a broad range of legal, diplomatic, economic, military, and other tools to interdict WMD-related shipments. The PSI creates the basis for practical cooperation among states in this area.

The PSI is a set of activities based on participating countries' common commitment to the PSI Statement of Interdiction Principles. It is not a formal organization. Endorsement of the Statement of Interdiction Principles by a state does not create formal "obligations", but does represent a political commitment to stop proliferation-related shipments whenever possible. The Principles are consistent with national legal authorities and relevant international law and frameworks. Participation in any given PSI activity is a voluntary national decision. We encourage PSI partners to strengthen their national legal authorities and enforcement capabilities to improve their ability to interdict WMD-related trafficking.

The primary focus of PSI is on actual interdiction operations and operational exercise activities. More than 50 countries have participated in one or more of the over 20 multinational PSI interdiction exercises designed to improve national capabilities and participants' ability to operate together. These exercises are hosted throughout the world by individual PSI participants. PSI participants have also conducted sophisticated simulations of interdictions to develop new and creative methods for stopping proliferation shipments. The PSI Operational Experts Group -- an expanding network of military, law enforcement, intelligence, and legal experts -- meets periodically to develop new operational concepts, organize the interdiction exercise program, share information about national legal authorities, and pursue cooperation with key industry sectors.

We are further operationalizing the PSI by pursuing and concluding bilateral ship boarding agreements. We have so far signed six such agreements, with some of the world's largest ship registries. Ship boarding agreements establish key points of contact and procedures to facilitate requests to board and search vessels in international waters suspected of carrying illicit shipments of weapons of mass destruction, their delivery systems, or related materials. They also serve to deter proliferators. We are pursuing these agreements with several other countries. Over 75 countries now participate in the

PSI, and we're working hard to increase that number. We are working intensively to broaden the circle of countries that count themselves as PSI supporters.

We're also working to block and freeze the assets of WMD proliferators and their supporters, and prohibiting U.S. persons from engaging in transactions with them. Executive Order 13382 is designed to combat illicit WMD trafficking by cutting off technological, material, financial, and other support for activities or transactions that materially contribute, or pose a risk of materially contributing, to WMD proliferation. To date, we have designated 25 entities and one person; 12 entities and one individual for activities with the DPRK; 12 entities for Iranian proliferation; and one entity for Syria.

The U.S. also continues to view implementation of UNSCR 1540 as a vital element in our global and national efforts to prevent the proliferation of Weapons of Mass Destruction (WMD) and keep these deadly weapons out of the hands of terrorists. WMD in terrorist hands is one of the preeminent threats to all nations, and terrorist groups continue to seek these deadly weapons. UNSCR 1540, if fully implemented, can help ensure that no State or non-State actor is a source of WMD proliferation for terrorists.

In addition, the State Department also coordinates the U.S. response to nuclear smuggling incidents, working very closely with law enforcement agencies and intelligence communities. Since 9/11 we have strengthened this effort to ensure that smuggling attempts are thwarted, that smugglers are successfully prosecuted, that the nuclear material is secured. We also work with other countries to figure out where the smuggled material came from and then fill those holes. Last year, State launched the Nuclear Smuggling Outreach Initiative which identifies the needs of countries at risk of nuclear smuggling and then plugs those gaps with assistance from other international partners and existing U.S. programs.

WMD Consequence Management: Enhancing Our Mutual Preparedness

A comprehensive approach to combating weapons of mass destruction also involves the development and sustainment of robust WMD consequence management capabilities should we suffer a WMD attack. Consequence management capabilities can help to minimize the loss of human life as well as the economic destruction associated with a release of WMD.

The potential scale and geographic scope of the consequences of a WMD terrorist attack demand that members of the international community cooperate in their preparedness measures and responses. Were such a tragedy to strike our homeland, we ought to have in place those agreements, understandings, as well as relevant legal and operational frameworks to enable resources to flow to the people of the United States as quickly as possible, including from foreign partners. In many WMD terrorist attack scenarios, particularly large scale biological scenarios, international cooperation will be absolutely essential to mitigating the consequences to our own people, to our critical infrastructure and economic resources, as well as to those of our neighbors and foreign partners.

In an age of globalization, we also must recognize that our national security may be inescapably bound to that of even our most geographically distant partners. If we fail to build the response capacities of our partners and neglect the development of cooperative networks that can speed aid quickly across national boundaries in the event of an attack, we will have lost an important opportunity for cooperation with our partners and placed at risk the lives of millions of innocent civilians, not to mention the economic effects of a shutdown in international travel and commerce.

Technical Capabilities: Enabling an Effective Layered Defense

The National Strategy to Combat Weapons of Mass Destruction emphasizes not only counterproliferation, nonproliferation and consequence management, but also key enabling functions that help to integrate these areas. Among these enabling functions are research and development which can help to support technical advances across the three pillars. As we confront the nexus of terrorism and the world's most dangerous weapons, the technical capabilities of the United States and our foreign partners will be a crucial determinant of our success, and sustained research and development, and cooperation with partners, will determine our ultimate success or failure.

While the Department of Energy is in a better position to answer detailed questions regarding proliferation resistant nuclear energy technologies, let me offer some reflections regarding some of the technical capabilities that are necessary to developing the vision of a global layered defense outlined by the President in the Global Initiative to Combat Nuclear Terrorism. Let me begin with technical capabilities to protect material at the source. Denying terrorists access to sensitive WMD-related materials depends substantially on improving controls on those who access those facilities, as well as the technical capabilities necessary to improve remote monitoring and ensure personnel reliability at such facilities. Biometric access controls, as well as remote monitoring and response systems and software connected to law enforcement rapid response units, can serve as an important technical capability that furthers nonproliferation goals and our overall strategy to combat WMD terrorism. These measures are in place in many nuclear facilities, but their use needs to be expanded and their capabilities strengthened.

Developing a global detection architecture will require the technical capability to distinguish dangerous material from background noise. This is true not only for nuclear and radiological terrorism but also for chemical and bioterrorism. Detection technologies alone are of little use if not integrated into well-engineered systems, or networks of systems, that ensure an effective overall capability. Bringing detection together with real-time communications technologies and wireless networks that enable a mobile capability across the air, maritime, and land domains will continue to demand attention and resources. We must also ensure interoperability between our detection systems and those of partner nations to provide accurate early warning and improve the mutual situational awareness regarding potential threats that may require emergency responses. Detecting the movement of funds and terrorist exploitation of cyberspace also involve a

technical component, through investments in technical areas such as forensic accounting and algorithms that detect patterns in suspicious activity reporting.

Terrorists seeking to acquire and use WMD move quickly and adapt to countermeasures taken by law enforcement and other authorities. Our information sharing capabilities with our foreign partners may be the single most important factor in determining our ability to translate detection capabilities into effective responses. Information sharing is not only a requirement for effective response, but it also enables the passing of other technical information, such as forensics and attribution-related information, that may be necessary to preventing or deterring terrorist acquisition or use of WMD. A robust technical capability for information sharing involves more than just the information technology; it will a sustained investment of energy in researching and developing appropriate concepts of operation, ensuring departments and agencies have the necessary legal authorities, establishing agreements and understandings with foreign partners, and developing tools and techniques to conduct such activity in real-time.

Technical capabilities are equally important to our success in dealing with the aftermath of a WMD terrorist related event and ensuring that we are able to bring those responsible to justice. Technical cooperation with foreign partners in areas such as forensics can also contribute to deterring terrorist facilitators by improving our ability to identify those actors responsible for supplying the WMD materials, funds, and other resources necessary to carry out a WMD terrorism attack.

Conclusion

Our President has declared that a nuclear weapon in the hands of a terrorist is the single greatest threat we face. Since September 11, 2001, the State Department has taken many steps with our foreign partners to reduce the risk that nuclear weapons and other weapons of mass destruction fall into terrorist hands. Our traditional nonproliferation policies in areas such as cooperative threat reduction have played and will continue to play a central role. New nonproliferation and energy initiatives such as the President's Global Nuclear Energy Partnership can also help to reduce the risk of nuclear terrorism while opening up new avenues for the peaceful use of nuclear energy.

Despite these efforts, we can – and we must – do more. Since 2002, we have been guided by the National Strategy to Combat Weapons of Mass Destruction, which provided the first comprehensive strategy to integrate all elements of national power to combat the threat of weapons of mass destruction. The Proliferation Security Initiative, announced in 2003, marked a key step in the implementation of that strategy. The Global Threat Reduction Initiative focused our efforts to reduce the number of targets for terrorists seeking to acquire nuclear materials. Now the President has announced the Global Initiative to Combat Nuclear Terrorism, which will guide our partnership capacity building efforts to combat nuclear terrorism in the months and years ahead. The Global Initiative will ensure that we have a global network of partnerships sufficiently flexible to adapt to and defeat the most serious and urgent national security threat we face – a nuclear weapon in the hands of a terrorist.

